

pursuant to a plan or arrangement in existence on the date of distribution, either the controlled or distributing corporation is acquired, gain would be recognized by the other corporation as of the date of the distribution.

Whether a corporation is acquired would be determined under rules similar to those of present-law section 355(d), except that acquisitions would not be restricted to purchase transactions. Thus, an acquisition would occur if a person—or persons acting in concert—acquired more than 50 percent of the vote or value of the stock of the controlled or distributing corporation pursuant to a plan or arrangement. For example, assume a corporation, P distributes the stock of its wholly owned subsidiary S to its shareholders. If, pursuant to a plan or arrangement, either P or S is acquired, the proposal would apply to require gain recognition by the corporation not acquired. It is anticipated that certain asset acquisitions would be treated as stock acquisitions.

Acquisitions occurring within the 4-year period beginning 2 years before the date of distribution would be presumed to have occurred pursuant to a plan or arrangement. Taxpayers could avoid gain recognition by showing that an acquisition occurring during this 4-year period was unrelated to the distribution.

In the case of an acquisition of the controlled corporation, the amount of gain recognized by the distributing corporation would be the amount of gain that the distributing corporation would have recognized had stock of the controlled corporation been sold for fair market value on the date of distribution. In the case of an acquisition of the distributing corporation, the amount of gain recognized by the controlled corporation would be the amount of net gain that the distributing corporation would have recognized had it sold its assets for fair market value immediately after the distribution. This gain would be treated as long-term capital gain. No adjustment to the basis of the stock or assets of either corporation would be allowed by reason of the recognition of the gain.

The proposal would not apply to a distribution pursuant to a title 11 or similar case.

The Treasury Department would be authorized to prescribe regulations as necessary to carry out the purposes of the proposal, including regulations to provide for the application of the proposal in the case of multiple distributions.

TREATMENT OF DISTRIBUTIONS WITHIN AFFILIATED GROUPS

Except as provided in Treasury regulations, section 355 would not apply to a distribution of stock of one member of an affiliated group of corporations filing a consolidated return to another member. In the case of a distribution of stock within an affiliated group, the Secretary of the Treasury would be instructed to provide appropriate rules for the treatment of the distribution, including rules governing adjustments to the adjusted basis of the stock and the earnings and profits of the members of the group.

EFFECTIVE DATE

The proposal would be effective for distributions after April 16, 1997, unless the distribution is: First, made pursuant to a written agreement with an acquirer which was—subject to customary conditions—binding on or before such date and at all times thereafter; second, described in a ruling request that identifies the acquirer and is submitted to the

IRS on or before such date; third, described in a Securities and Exchange Commission [SEC] filing made on or before such date, to the extent such filing was required to be made on account of the distribution and identifies the acquirer; or fourth, described in a public announcement that identifies the acquirer on or before such date. The exceptions for written agreements, IRS ruling requests, SEC filings, and public announcements would not apply to distributions of stock within a consolidated group of corporations.

INVESTIGATING FOR FAIRNESS

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 17, 1997

Mr. BARCIA. Mr. Speaker, I rise today to pay tribute to my friend Jay Brandow, an outstanding individual from my hometown of Bay City. For the past 12 years Jay has been an investigative reporter for WNEM-TV 5. Jay is not only an exceptional reporter but also a true asset to the community. His superb reporting has provided information that has enlightened and greatly impacted our community, our State, and our Nation.

I have had the pleasure of knowing Jay for many years. I first knew him when I was a Michigan State Senator. The stories Jay investigated and reported have uncovered several critical issues in our community. Although many of his stories were significant, his Bancroft-Eddy story truly stands out. This news story revealed the terrible and unsafe public housing that was existing in our own community.

Jay's investigative reporting helped bring attention to the low-income public housing that was being subsidized by the Department of Federal Housing and Urban Development. The apartment buildings were unsafe, unclean, and hazardous to its tenants. The condition of the complex was alarming. His relentless investigation and reporting, resulted in a critical investigation into the housing condition of the Bancroft-Eddy complex. This official investigation by both the Michigan State Housing Development Authority and the Department of Housing and Urban Development resulted in effective efforts to improve this public housing. Jay's determination brought him to Washington DC to meet with HUD officials as well as myself, in my capacity as the fifth district Congressman. He was willing to go that extra mile to thoroughly investigate and demand improvement. Mr. Brandow's superior investigation and reporting skills forced the State and Federal Government to improve the Bancroft-Eddy housing complex in Saginaw, MI.

Mr. Brandow should be proud of his efforts. Our community now has safe, clean, and livable low-income housing for those individuals and families who are truly in need of help. Jay's investigation and reporting proved that he is not only an outstanding reporter, but that he cares for the less fortunate in our society.

Mr. Speaker, I ask you and all of our colleagues to join me in congratulating Jay Brandow as he is presented an award from the Tri-County Fair Housing Commission. We wish him the best for the new challenges ahead.

COMMENDING AMERICANS WHO SERVED IN THE COLD WAR

HON. RICK LAZIO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 17, 1997

Mr. LAZIO. Mr. Speaker, I am proud to introduce a concurrent resolution commending those Americans who serviced during the cold war.

Fifty years ago this July, George Kennan, in his article "The Sources of Soviet Conduct," defined the challenge facing America with the onset of the cold war. After describing the expansionist and totalitarian nature of the Soviet state, Kennan called for "a policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world." Kennan was convinced that the Soviet dictatorship would eventually be undermined by its own internal weaknesses. But until that happened, he exhorted Americans to face "this implacable challenge" by drawing upon the strength of our national character. In Kennan's memorable words: "To avoid destruction the United States need only measure up to its won best traditions and prove itself worthy of preservation as a great nation." He concluded that the American people, in standing up to totalitarian aggression, were shouldering the "Responsibilities of moral and political leadership that history plainly intended them to bear."

We look back today at this stirring call to action and see how history has confirmed Kennan's words. The Soviet Regime, a regime which accepted no moral or legal restraints, which aggressively sought to recast the rest of the world in its image, which subordinated all its natural and human resources to building a vast military machine, has collapsed. America, in contrast, stands strong in the durability of its democracy, the dynamism of its economy, and the vitality of its citizens. Clearly, we have met and surpassed the implacable challenge described by George Kennan as he surveyed events in those dark early days of the cold war.

It is now time to recognize all of those Americans who served during the cold war. The men and women of our Armed Forces, our intelligence community, our foreign service, and many other areas of our government met the challenge of the cold war with skill and dedication. Americans served in every corner of the globe, often isolated from family and friends, sometimes under the most arduous conditions. Some laid down their lives when the cold war turned hot in places like Korea and Vietnam. Others accepted discomfort, loneliness, and risk while maintaining our military readiness against a foe capable of launching a devastating attack with little notice. All of them lived up to America's best traditions and ensured America's preservation as a great nation.

Through their efforts, almost 500 million people have been freed from Communist tyranny. Nations once submerged by Soviet imperialism can now claim their rightful place in the international community. Fears of a nuclear holocaust now seem a distant memory.

For Americans, the cold war ended with no parades, no fanfare, no speeches. After a conflict where so much was at stake, not enough